



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3082 Introduced on January 10, 2017  
**Author:** Toole  
**Subject:** Vehicle Tax Notice  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Gable  
**Impact Date:** April 12, 2017

**Estimate of Fiscal Impact**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would not have an impact on the General Fund, Other Funds, or Federal Funds. This bill may have a minimal impact on local property tax revenue due to the potential lower assessment value for a few vehicles, watercraft, and general aviation aircraft.

**Explanation of Fiscal Impact**

**Introduced on January 10, 2017**

**State Expenditure**

This bill requires that for property tax purposes the valuation of a vehicle, watercraft, or aircraft, whether it is determined by the manual provided by the Department of Revenue or by the county auditor, not exceed 92 percent of the prior year's valuation. Also, the vehicle tax notices must include that a vehicle's valuation may not exceed 92 percent of the prior year's valuation and that a taxpayer may appeal the valuation on this basis as provided by law. Under current law, the valuations in the manual provided by the Department of Revenue may not exceed 95 percent of the prior year's value.

The Department of Revenue stated it would be able to value all vehicles, watercraft, and general aviation aircraft no more than 92 percent of the prior year's value in its annual publication as opposed to 95 percent for no additional cost so long as this factor is included before the computation for the newest manual begins in July of 2017. Therefore this bill would not have an expenditure impact on the General Fund, Other Funds, or Federal Funds.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

This bill requires that for property tax purposes the valuation of a vehicle, watercraft, or aircraft not exceed 92 percent of the prior year's valuation. Also, the vehicle tax notices must include that a vehicle's valuation may not exceed 92 percent of the prior year's valuation and that a taxpayer may appeal the valuation on this basis as provided by law.

The change to a minimum 8 percent depreciation from the current minimum of 5 percent depreciation could result in as much as a 3 percent decrease in the valuation of a vehicle, watercraft, or general aviation aircraft and thereby a loss to the local property tax revenue. However, this bill is expected to have only a minimal impact on local property tax revenue.

Watercraft and general aviation aircraft are included in the other personal property classification which represents 1.6 percent of expected property tax revenue in the state in FY 2017-18. Because of this, this bill is not likely to have a substantial impact on local property tax revenue relative to the potential change in valuation for watercraft and aircraft.

This bill could also decrease the value of some vehicles by as much as 3 percent. Vehicles represent 12.5 percent of the expected property tax revenue in FY 2017-18. Based on conversation with the Department of Revenue, the department is unable to identify how many vehicle valuations included in its publication fall between the currently required 5 percent depreciation and the bill's required 8 percent depreciation and thereby would decrease in value. However, department staff expect that the majority of vehicles depreciate 8 percent or more annually. Further, based on a report from Edmunds.com, a popular car valuation website, on average a vehicle depreciates between 15 to 25 percent annually in the first five years of its life, after which the depreciation rate slows. As such, this bill is not likely to have a substantial impact on local property tax revenue.



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Frank A. Rainwater, Executive Director